



UNITED STATES DISTRICT COURT
FOR THE CENTRAL DISTRICT OF CALIFORNIA

June 2018 Grand Jury

UNITED STATES OF AMERICA,

Plaintiff,

v.

DAVID SCOTT WAGONER,
STEPHEN JAKE MCGONIGLE, and
PAUL PRENTICE WALDROP,

Defendants.

CR No.

I N D I C T M E N T

[18 U.S.C. § 286: Conspiracy to Defraud the United States with Respect to Claims; 18 U.S.C. § 1349: Conspiracy to Commit Wire Fraud; 18 U.S.C. § 1028A(a)(1): Aggravated Identity Theft]

The Grand Jury charges:

COUNT ONE

[18 U.S.C. § 286]

A. OBJECT OF THE CONSPIRACY

1. Beginning on a date unknown to the Grand Jury, but in or before January 2013, and continuing through in or about June 2016, in Orange County, within the Central District of California, and elsewhere, defendants DAVID SCOTT WAGONER ("WAGONER"), STEPHEN JAKE MCGONIGLE ("MCGONIGLE"), and PAUL PRENTICE WALDROP ("WALDROP"), together with others known and unknown to the Grand Jury, knowingly combined, conspired, and agreed to defraud the United States by

1 obtaining and aiding to obtain the payment and allowance of false,
2 fictitious, and fraudulent claims.

3 B. THE MANNER AND MEANS OF THE CONSPIRACY

4 The object of the conspiracy was carried out, and to be carried
5 out, in substance as follows:

6 2. Defendants WAGONER, MCGONIGLE, and WALDROP, together with
7 others known and unknown to the Grand Jury, would obtain the names
8 and social security numbers of individuals without their knowledge
9 and consent (the "identity theft victims").

10 3. Defendants WAGONER, MCGONIGLE, and WALDROP, together with
11 others known and unknown to the Grand Jury, would acquire false
12 driver's licenses in the names of the identity theft victims, but
13 bearing the photographs of WAGONER, MCGONIGLE, and WALDROP, or others
14 known and unknown to the Grand Jury.

15 4. Defendants WAGONER, MCGONIGLE, and WALDROP, together with
16 others known and unknown to the Grand Jury, would acquire mailboxes
17 at commercial mail receiving agencies ("CMRAs") using the false
18 driver's licenses (the "False CMRA Addresses").

19 5. Defendants WAGONER, MCGONIGLE, and WALDROP, together with
20 others known and unknown to the Grand Jury, would also acquire
21 prepaid debit cards using the identity theft victims' identities (the
22 "False Debit Cards").

23 6. Defendants WAGONER, MCGONIGLE, and WALDROP, together with
24 others known and unknown to the Grand Jury, would prepare false and
25 fraudulent United States Internal Revenue Service ("IRS") Wage and
26 Tax Statements, Forms W-2, in the names of identity theft victims
27 that reported false employment and income information, as well as
28 false tax withholding amounts (the "Fraudulent Forms W-2").

1 7. Defendants WAGONER, MCGONIGLE, and WALDROP, together with
2 others known and unknown to the Grand Jury, would prepare false and
3 fraudulent IRS Distributions from Pensions, Annuities, Retirement or
4 Profit Sharing Plans, IRAs, Insurance Contracts, etc., Forms 1099-R,
5 in the names of identity theft victims that reported false employment
6 and income information, as well as false tax withholding amounts (the
7 "Fraudulent Forms 1099-R").

8 8. Defendants WAGONER, MCGONIGLE, and WALDROP, together with
9 others known and unknown to the Grand Jury, would then prepare false
10 and fraudulent federal income tax returns, IRS Forms 1040, in the
11 names of identity theft victims (the "Fraudulent Federal Returns"),
12 using the falsified information reported in the Fraudulent Forms W-2
13 and the Fraudulent Forms 1099-R. The Fraudulent Federal Returns
14 would include false, fictitious, and fraudulent claims for tax
15 refunds based on excess federal income tax that had purportedly been
16 withheld from the income of the identity theft victims named in the
17 Fraudulent Federal Returns (the "Claimed Federal Refunds").

18 9. Defendants WAGONER, MCGONIGLE, and WALDROP, together with
19 others known and unknown to the Grand Jury, would often report in the
20 Fraudulent Federal Returns the False CMRA Addresses as the mailing
21 addresses for the identity theft victims.

22 10. Defendants WAGONER, MCGONIGLE, and WALDROP, together with
23 others known and unknown to the Grand Jury, would report in the
24 Fraudulent Federal Returns the False Debit Cards as the accounts to
25 which electronic payment of the Claimed Federal Refunds should be
26 made.

27 11. Defendants WAGONER, MCGONIGLE, and WALDROP, together with
28 others known and unknown to the Grand Jury, would then file and cause

to be filed with the IRS the Fraudulent Federal Returns, Fraudulent Forms W-2, and Fraudulent Forms 1099-R. The IRS would then, as directed by the Fraudulent Federal Returns, electronically deposit the Claimed Federal Refunds to the False Debit Cards, which defendants WAGONER, MCGONIGLE, and WALDROP, and others known and unknown to the Grand Jury, controlled.

12. Through the conspiracy described above, defendants WAGONER, MCGONIGLE, and WALDROP, together with others known and unknown to the Grand Jury, caused at least 505 Fraudulent Federal Returns to be filed with the IRS, which sought fraudulent Claimed Federal Refunds of more than \$1.66 million from the United States.

C. CONDUCT IN FURTHERANCE OF THE CONSPIRACY

13. In furtherance of the conspiracy and to accomplish its object, defendants WAGONER, MCGONIGLE, and WALDROP, together with others known and unknown to the Grand Jury, knowingly filed and caused to be filed with the IRS Fraudulent Federal Returns in the names of the following identity theft victims:

DATE FILED	VICTIM	TAX YEAR	CLAIMED REFUND
1/28/2013	P.O.	2012	\$8,071
2/6/2013	K.W.	2012	\$8,577
2/18/2013	K.F.	2012	\$4,932
2/27/2013	V.W.	2012	\$6,232
3/9/2013	C.G.	2012	\$3,986
3/9/2013	C.G.	2012	\$3,127
3/6/2013	K.K.	2012	\$3,209
3/6/2013	L.K.	2012	\$2,318
3/14/2013	W.K.	2012	\$3,183

DATE FILED	VICTIM	TAX YEAR	CLAIMED REFUND
3/14/2013	L.K.	2012	\$3,396
10/9/2013	D.W & M.W.	2012	\$1,909
2/17/2014	W.T	2013	\$2,445
2/19/2014	K.A.	2013	\$958
3/3/2014	M.B.	2013	\$4,535
4/15/2014	P.O.	2013	\$6,828
4/9/2014	A.A.	2013	\$3,782
4/25/2014	L.G.	2013	\$3,228
2/22/2015	H.W.	2014	\$2,810
2/24/2015	D.W.	2014	\$2,683

COUNT TWO

[18 U.S.C. § 1349]

14. The Grand Jury repeats, re-alleges, and incorporates by reference paragraphs 2 through 13 of this Indictment as though fully set forth herein.

A. OBJECT OF THE CONSPIRACY

15. Beginning on a date unknown to the Grand Jury, but in or before January 2013, and continuing through in or about June 2016, in Orange County, within the Central District of California, and elsewhere, defendants DAVID SCOTT WAGONER ("WAGONER"), STEPHEN JAKE MCGONIGLE ("MCGONIGLE"), and PAUL PRENTICE WALDROP ("WALDROP"), together with others known and unknown to the Grand Jury, conspired to commit wire fraud, in violation of Title 18, United States Code, Section 1343.

B. THE MANNER AND MEANS OF THE CONSPIRACY

The object of the conspiracy was carried out, and to be carried out, in substance, as follows:

16. Defendants WAGONER, MCGONIGLE, and WALDROP, together with others known and unknown to the Grand Jury, knowingly filed and caused to be filed the Fraudulent Federal Returns using the names of identity theft victims as alleged in paragraphs 2 through 13 above.

17. Defendants WAGONER, MCGONIGLE, and WALDROP, together with others known and unknown to the Grand Jury, also knowingly filed and caused to be filed, fraudulent state tax returns, in multiple states, using the identities of the identity theft victims (the "Fraudulent State Returns"). The Fraudulent State Returns would include false, fictitious, and fraudulent claims for state tax refunds based on excess state income tax that had purportedly been withheld from the

1 income of the identity theft victims named in the Fraudulent State
2 Returns (the "Claimed State Refunds").

3 18. Defendants WAGONER, MCGONIGLE, and WALDROP, together with
4 others known and unknown to the Grand Jury, requested that the
5 Claimed Federal Refunds and the Claimed State Refunds, in most
6 instances, be paid by direct deposit to the False Debit Cards,
7 thereby causing interstate wire transmissions when any deposits were
8 made as a result of the Claimed Federal Refunds and the Claimed State
9 Refunds.

10 19. Through the conspiracy described above, defendants WAGONER,
11 MCGONIGLE, and WALDROP, together with others known and unknown to the
12 Grand Jury, caused approximately 9,000 Fraudulent State Returns to be
13 filed with state tax authorities in more than 30 states, seeking over
14 \$10 million in Claimed State Refunds.

COUNT THREE

[18 U.S.C. § 1028A(a)(1)]

20. Beginning in or before February 2014, and continuing through in or about June 2016, in Orange County, within the Central District of California, and elsewhere, defendants DAVID SCOTT WAGONER, STEPHEN JAKE MCGONIGLE, and PAUL PRENTICE WALDROP, knowingly transferred, possessed, and used, without lawful authority, a means of identification of another person during and in relation to the offense of Conspiracy to Commit Wire Fraud, a felony violation of Title 18, United States Code, Section 1349, as charged in Count Two of this Indictment.

A TRUE BILL

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Foreperson

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